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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

7 October 1955

STAFF MEMORANDUM NO. 70-55

SUBJECT: Soviet Policy in the Middle East*

DOCUMENT NO. 23
NO CHANGE IN CLASS. ☐
~~DECLASSIFIED~~
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: _____
AUTH: MR 70-2
DATE: 12 MAR 80 REVIEWER: 018557

1. Perhaps the best that can be said of Egypt's recent arms deal with the Soviet Bloc is that it does not mean that Premier Nasr has gone over to the Soviet camp, or that he is hell-bent on war with Israel. Egypt's strong desire to avoid domination by the great powers certainly applies no less to the USSR than to the West, and Soviet efforts to use arms aid as a political lever will be as unwelcome to the RCC as would similar efforts by the British. And as for the second point, we consider that Nasr's decision to take Soviet arms was motivated primarily by a genuine, defensive desire to cease being at Israel's military mercy, rather than by hopes of initiating a "second round."

2. When these limited consolations have been noted, the fact remains that the USSR has just scored a spectacular success in the Middle East. For some years, of course, the Soviets have demonstrated their readiness to embarrass the West in this area. Their opportunistic support of the Arabs against Israel in the UN during the past two or three years was probably done primarily in the hope of stiffening Arab resistance to Western policies, particularly the defense efforts which the US and UK have been making in the Middle East during that period. Since the signing of the Baghdad Pact last February marked the first real progress in the "northern tier" approach of US-UK defense efforts, the USSR has stepped up its attempts to block defense arrangements. It has alternately wooed and threatened Iran, the only "northern tier" state not yet a member of the Baghdad Pact, and has even made friendly gestures to Turkey. Beginning in April with a major policy statement assuring Middle East states of Soviet support against alleged Western pressures to join defense arrangements, the USSR has made unusual efforts to court those Arab

* This memorandum, originally prepared in some hurry for discussion by the Consultants, represents an O/NE NE staff view, and has not been coordinated with other offices. It is published now as being relevant to the current crash estimate on implications of the Soviet-Egyptian arms deal.

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states most opposed to defense ties with the West -- Egypt, Syria, and Saudi Arabia. It is, then, no coincidence that Soviet arms offers have been made to the three states just mentioned, and one objective of the USSR in so doing almost certainly remains that of undermining US-UK defense efforts. Moreover, any move which heightens Arab-Israeli tensions, as the Soviet-Egyptian deal has already done, adds to US-UK difficulties in developing defense arrangements.

3. The extent and timing of recent Soviet arms offers, however, indicate that Moscow may have broadened its objectives. By extending spectacular arms support to the Arabs, in contrast to the US-UK policy of doling out limited quantities in order to avoid a Middle East arms race, the Soviets may seek to benefit by invidious comparisons and to appear as the champion of the Arabs against Israel, particularly if the Western Powers should feel compelled to step up support of the Israeli side. In addition, a substantial flow of Soviet arms to the Arab states would enhance Soviet bargaining power in those states by making them look to the USSR for training needs and maintenance items. By the same token, the barter arrangements involved in Soviet arms offers to Egypt, for example, will increase Egyptian dependence on the Soviet Bloc as a market for exports. (Agreements for substantially increased barter trade in nonmilitary items between Egypt and the Sino-Soviet Bloc have also been concluded in the past few months). Finally, Arab arms agreements with the USSR provide the latter with opportunities to introduce Soviet technical and commercial personnel into the recipient states where, as in the case of Egypt, the governments probably overestimate their ability to control Soviet subversion.

4. If our reasoning above is correct, present Soviet moves will offer continuing challenges to US interests in the Middle East. In the shorter run, they promise seriously to complicate if not block the attainment of two specific, closely related US objectives: settlement of the Arab-Israeli dispute, and the creation of anti-Communist defense arrangements.

- a. The prospect of Soviet arms for Egypt is almost certain to inflame the tense Arab-Israeli situation. Israel, already nervous about growing Arab military strength accruing from Western defense policies, is not likely to abandon its policy of toughness toward its Arab neighbors. At worst, it may become tempted to take forceful preventive action while it still enjoys clear military superiority. At best, it will confront the US

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with increasingly insistent demands for arms aid and security guarantees. Should the US provide these, an unwelcome arms race will be on, with consequent threats to peace and strained US relations with the Arabs. Moreover, the prospects of getting extensive, comparatively modern supplies of Soviet arms are likely to increase Arab readiness to respond in force to Israeli provocations, even though Arab ability to absorb and use these arms effectively is limited. This, in turn, will stiffen Israeli's back.

- b. The difficulties of developing defense arrangements will be compounded by the Soviet offer, not simply because of the Israel problem, but also because Soviet material and political support for states which are hostile or undecided about such arrangements will, at least initially, make them less receptive to Western pressures and inducements. Moreover, if Egypt can get so much fancy hardware on such easy terms from the Soviets, both our friends and enemies among the Arabs will make invidious comparisons about the relative handful of material which Iraq has been receiving in return for signing up in the "northern tier."

5. Over the longer run, the threat to the West of an active Soviet Middle East policy might become more general. A failure of the Western Powers to make progress with the Arab-Israel and regional defense problems would add to their difficulties in coping with certain fundamental adverse forces at work in the area, most notably rampant nationalism in its negative, anti-Western aspects. Support of such nationalism costs the USSR little, since it has been the position of the Western Powers in the Middle East, and not that of the Soviets, which has come under nationalist attack. The USSR would also find much favorable response in the Middle East to proposals for joint Western-Soviet guarantees of the area's neutrality -- a gambit offered by Bulganin in reporting to the Presidium on the Geneva Conference. The force of such Soviet tactics would be increased in the Middle East if the Bloc continues to cater to the economic and military interests of key states in the region. At best, the cumulative effects of these efforts might be to increase the potency of Middle East neutralism, which is already widespread. At worst, there would be some danger that Egypt and Syria, for example, would actually develop pro-Soviet policies, initially in the belief that their own interests were thereby best served, eventually perhaps because they were not entirely free to choose.

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6. For all our worries, we don't consider the situation hopeless. Recipients of Soviet blandishments, such as Nasr, probably underestimate the risks of accepting Soviet offers, but they are aware of these risks and may even want US aid and counsel in coping with them. They may also be expected to seek continued Western economic aid, technical assistance and trade ties, in part as counterweights to undue dependence on the Bloc. (They will almost certainly try to use the threat of such dependence as a bargaining lever with the West.) In time, it is even possible that Soviet moves may have certain counterproductive effects from the USSR's viewpoint. If Nasr's motives in accepting Soviet arms are as purely defensive as he contends, and we believe that they probably are, his increased strength may give him the confidence to be more conciliatory toward Israel, as well as better able to control the hot-heads among his own supporters. Should Soviet efforts to use arms aid as a political lever with Arab governments prove too heavy-handed, or if the USSR tries too blatantly to exploit opportunities for subversion, Arab leaders may become frightened and run back to the West.

7. These are, of course, very chancey propositions. At present it is difficult to foresee with any degree of certainty just where current developments will eventually lead. Events will depend not only on Soviet moves and the behavior of the states of the area themselves, but also on the impact of US policy 25X6 in the continuing situation. It is clear that continuation of current Soviet policy in the Middle East will confront the US with some crucial decisions in the months ahead.

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